



THIRTY-FOURTH JUDICIAL CIRCUIT

MUNICIPAL DIVISIONS

PEMISCOT COUNTY, MISSOURI

TWO YEARS ENDED 1998 AND 1997

**From The Office Of State Auditor
Claire McCaskill**

Report No. 99-28
April 29, 1999

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

The following audit report presents our findings and recommendations for the municipal divisions of the Thirty-Fourth Judicial Circuit in Pemiscot County. During our audit, we identified accounting records, controls, and certain management practices which we believe could be improved. The municipal divisions in which specific findings and recommendations were noted are listed below:

City of Caruthersville	<i>pages 21-26</i>
City of Cooter	<i>pages 26-28</i>
City of Hayti	<i>pages 28-30</i>
City of Hayti Heights	<i>pages 30-34</i>
City of Holland	<i>pages 34-37</i>
City of Steele	<i>pages 37-40</i>
City of Wardell	<i>pages 40-43</i>

The City of Homestown Municipal Division was reported on separately.

Actions taken by the various municipal divisions of the Thirty-Fourth Judicial Circuit in Pemiscot County on recommendations made in the prior report are noted on pages 45-60.

THIRTY-FOURTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI

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THIRTY-FOURTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

Presiding Judge
and
Municipal Judges
Thirty-Fourth Judicial Circuit

We have audited the accompanying special-purpose financial statements of the various municipal divisions (other than the municipal divisions of the city of Caruthersville and the city of Hayti Heights as of and for the years ended June 30, 1998 and 1997) of the Thirty-Fourth Judicial Circuit, Pemiscot County, Missouri as of and for the years ended June 30, 1998 and 1997, and December 31, 1997 and 1996, as identified by municipality and fiscal period in the table of contents. These special-purpose financial statements are the responsibility of the municipal divisions' management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

Except as discussed in paragraphs four through eight, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of the municipal divisions of the Thirty-Fourth Judicial Circuit, Pemiscot County, Missouri, and are not intended to be a complete presentation of the financial position and results of operations of the municipal divisions.

The internal controls and accounting records of the city of Hayti Municipal Division were inadequate. Summons forms issued by the police department were not prenumbered and records containing the numerical sequence and ultimate disposition of each summons form issued by the police department were not maintained. In addition, records accounting for the numerical sequence

and ultimate disposition of each traffic ticket issued by the police department for the city of Hayti were not adequately maintained. As a result, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements beyond amounts recorded in the municipal division's records for the years ended June 30, 1998 and 1997.

The internal controls and accounting records of the city of Steele Municipal Division were inadequate. Records accounting for the numerical sequence and ultimate disposition of each traffic ticket issued by the police department were not adequately maintained. As a result, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements beyond amounts recorded in the municipal division's records for the years ended June 30, 1998 and 1997.

The internal controls and accounting records of the city of Cooter Municipal Division were inadequate. Records accounting for the numerical sequence and ultimate disposition of each traffic ticket and complaint form issued by the police department were not adequately maintained. As a result, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements beyond amounts recorded in the municipal division's records for the years ended December 31, 1997 and 1996.

The internal controls and accounting records of the city of Holland Municipal Division were inadequate. A ledger or listing of cash funds received and disbursed was not maintained. In addition, records accounting for the numerical sequence and ultimate disposition of each traffic ticket and complaint form issued by the police department were not adequately maintained. As a result, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements beyond amounts recorded in the municipal division's records for the years ended December 31, 1997 and 1996.

The internal controls and accounting records of the city of Wardell Municipal Division were inadequate. Receipts were not deposited intact and city employees cashed personal checks from court monies. In addition, records accounting for the numerical sequence and ultimate disposition of each traffic ticket issued by the police department were not adequately maintained. As a result, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements beyond amounts recorded in the municipal division's records for the years ended December 31, 1997 and 1996.

In our opinion, except for the effects, if any, on the financial statements of the matters discussed in the preceding five paragraphs, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of the municipal divisions (other than the municipal divisions of the city of Caruthersville and the city of Hayti Heights as of and for the years ended June 30, 1998 and 1997) of the Thirty-Fourth Judicial Circuit, Pemiscot County, Missouri, as of and for the years ended June 30, 1998 and 1997, and December 31, 1997 and 1996, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

We also had planned to audit the accompanying special-purpose financial statements of the municipal divisions of the city of Caruthersville and the city of Hayti Heights as of and for the years ended June 30, 1998 and 1997. These special-purpose financial statements are the responsibility of the municipal divisions' management.

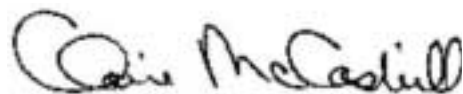
The internal controls and accounting records of the city of Caruthersville Municipal Division were inadequate. A ledger or listing of cash bonds received and disbursed was not maintained. Records containing the numerical sequence and ultimate disposition of each traffic ticket issued by the police department were not adequately maintained and court receipts were not deposited intact. As a result, we were unable to satisfy ourselves by appropriate audit tests or other means as to receipts and disbursements of fines, court costs, and bonds for the years ended June 30, 1998 and 1997.

Due to internal control weaknesses and missing records for the city of Hayti Heights Municipal Division, we were unable to satisfy ourselves by appropriate tests or other means as to receipts and disbursements of fines, court costs, and bonds for the years ended June 30, 1998 and 1997.

Because of the effects of the matters discussed in the preceding two paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the special-purpose financial statements of the municipal divisions of the city of Caruthersville and the city of Hayti Heights as of and for the years ended June 30, 1998 and 1997.

In accordance with *Government Auditing Standards*, we also have issued our report dated October 7, 1998, on our consideration of the municipal divisions' internal controls over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the municipal divisions' management and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

October 7, 1998 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Presiding Judge
and
Municipal Judges
Thirty-Fourth Judicial Circuit

We have audited the special-purpose financial statements of the various municipal divisions (other than the municipal divisions of the city of Caruthersville and the city of Hayti Heights as of and for the years ended June 30, 1998 and 1997) of the Thirty-Fourth Judicial Circuit, Pemiscot County, Missouri, as of and for the years ended June 30, 1998 and 1997, and December 31, 1997 and 1996, and have issued our report thereon dated October 7, 1998. That report expressed a qualified opinion on the special-purpose financial statements of the municipal divisions of the city of Hayti, the city of Steele, the city of Cooter, the city of Holland, and the city of Wardell for the applicable fiscal periods. Except as discussed in the report on the financial statements of the municipal divisions referred to in the preceding sentence, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We also had planned to audit the special-purpose financial statements of the municipal divisions of the city of Caruthersville and the city of Hayti Heights as of and for the years ended June 30, 1998 and 1997, and have issued our report thereon dated October 7, 1998. In that report we did not express an opinion on those special-purpose financial statements.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of the various municipal divisions of the Thirty-Fourth Judicial Circuit, Pemiscot County, Missouri, are free of material misstatement, we performed tests of the municipal divisions' compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed material instances of noncompliance that are required to be reported under *Government Auditing Standards* and which

are presented in the accompanying Management Advisory Report. We also noted certain other instances of noncompliance which are presented in that report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of the various municipal divisions of the Thirty-Fourth Judicial Circuit, Pemiscot County, Missouri, we considered the municipal divisions' internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal controls over financial reporting. However, we noted certain matters involving the internal controls over financial reporting and their operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls over financial reporting that, in our judgment, could adversely affect the municipal divisions' ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal controls that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we noted certain matters involving the internal controls over financial reporting and their operation that we consider to be material weaknesses, and these matters are presented in the accompanying Management Advisory Report.

This report is intended for the information of the management of the various municipal divisions of the Thirty-Fourth Judicial Circuit, Pemiscot County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Claire McCaskill
State Auditor

October 7, 1998 (fieldwork completion date)

Financial Statements

Exhibit A

THIRTY-FOURTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

(UNAUDITED)

	City of Caruthersville	
	Year Ended June 30,	
	1998	1997
RECEIPTS		
Fines, costs, bonds, and other	\$ 127,957	160,089
Total Receipts	<u>127,957</u>	<u>160,089</u>
DISBURSEMENTS		
City treasury	110,956	140,234
State of Missouri (Note 3)	0	0
Refunds and other	<u>17,534</u>	<u>14,866</u>
Total Disbursements	<u>128,490</u>	<u>155,100</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	-533	4,989
CASH, JULY 1	<u>7,247</u>	<u>2,258</u>
CASH, JUNE 30	<u>\$ 6,714</u>	<u>7,247</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A

THIRTY-FOURTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

	City of Hayti	
	Year Ended June 30,	
	1998	1997
RECEIPTS		
Fines, costs, bonds, and other	\$ 55,571	61,984
Total Receipts	55,571	61,984
DISBURSEMENTS		
City treasury	50,344	58,502
State of Missouri	2,386	2,041
Refunds and other	3,187	1,567
Total Disbursements	55,917	62,110
RECEIPTS OVER (UNDER) DISBURSEMENTS	-346	-126
CASH, JULY 1	1,105	1,231
CASH, JUNE 30	\$ 759	1,105

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A

THIRTY-FOURTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

(UNAUDITED)

		City of Hayti Heights	
		Year Ended June 30,	
		1998	1997
RECEIPTS			
Fines, costs, bonds, and other	\$	1,278	1,887
Total Receipts		1,278	1,887
DISBURSEMENTS			
City treasury		1,278	1,887
State of Missouri (Note 3)		0	0
Refunds and other		0	0
Total Disbursements		1,278	1,887
RECEIPTS OVER (UNDER) DISBURSEMENTS		0	0
CASH, JULY 1		0	0
CASH, JUNE 30	\$	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A

THIRTY-FOURTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

	City of Steele	
	Year Ended June 30,	
	1998	1997
RECEIPTS		
Fines, costs, bonds, and other	\$ 42,770	37,702
Total Receipts	42,770	37,702
DISBURSEMENTS		
City treasury	37,729	34,506
State of Missouri	1,392	1,114
Refunds and other	3,353	1,315
Total Disbursements	42,474	36,935
RECEIPTS OVER (UNDER) DISBURSEMENTS	296	767
CASH, JULY 1	999	232
CASH, JUNE 30	\$ 1,295	999

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

THIRTY-FOURTH JUDICIAL JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

		City of Cooter	
		Year Ended December 31,	
		1997	1996
RECEIPTS			
Fines, costs, bonds, and other	\$	16,017	23,437
Total Receipts		16,017	23,437
DISBURSEMENTS			
City treasury		20,190	18,818
State of Missouri		360	548
Refunds and other		1,697	605
Total Disbursements		22,247	19,971
RECEIPTS OVER (UNDER) DISBURSEMENTS		-6,230	3,466
CASH, JANUARY 1		6,255	2,789
CASH, DECEMBER 31	\$	25	6,255

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

THIRTY-FOURTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

		City of Holland	
		Year Ended December 31,	
		1997	1996
RECEIPTS			
Fines, costs, bonds, and other	\$	6,894	9,648
Total Receipts		6,894	9,648
DISBURSEMENTS			
City treasury		6,889	8,269
State of Missouri		147	152
Refunds and other		53	1,054
Total Disbursements		7,089	9,475
RECEIPTS OVER (UNDER) DISBURSEMENTS		-195	173
CASH, JANUARY 1		212	39
CASH, DECEMBER 31	\$	17	212

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

THIRTY-FOURTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH

		City of Wardell	
		Year Ended December 31,	
		1997	1996
RECEIPTS			
Fines, costs, bonds, and other	\$	2,643	4,910
Total Receipts		2,643	4,910
DISBURSEMENTS			
City treasury		2,643	4,910
State of Missouri (Note 3)		0	0
Refunds and other		0	0
Total Disbursements		2,643	4,910
RECEIPTS OVER (UNDER) DISBURSEMENTS		0	0
CASH, JANUARY 1		0	0
CASH, DECEMBER 31	\$	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

THIRTY-FOURTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present only selected data for the funds administered by the various municipal divisions of the Thirty-Fourth Judicial Circuit of the state of Missouri located in Pemiscot County. The city of Homestown Municipal Division is reported on separately.

Receipts, disbursements, and changes in cash are presented for each municipal division. The operating costs of each division are paid by the respective municipality and are not included in these financial statements.

The municipal division is responsible for cash bonds posted until case disposition allows appropriate disbursement. Bond monies relating to pending cases, whether in the custody of the city or the municipal division, are included in these financial statements.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash are prepared on the cash basis of accounting; accordingly, amounts are recognized when they are received or disbursed. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The municipal divisions account for fines and court costs resulting from prosecution of violations of municipal ordinances before the municipal judge or received through the traffic violations bureau, as well as cash bonds posted. Municipal violations could include traffic offenses, both moving and nonmoving; parking meter and overtime parking offenses; and other violations for which amounts are received by the municipal divisions and remitted to the city treasury. The municipal divisions also may account for restitutions received and disbursed through the divisions.

2. Cash

Section 479.080, RSMo 1994, requires municipal divisions to deposit fines and court costs into the city treasury at least monthly. Some divisions maintain bank accounts into which fines and court costs are deposited and later remitted to the city treasury. Other divisions do not maintain bank accounts, transmitting fines and court costs directly to the city treasury. Escrow bank accounts for bond monies received may be maintained by the city or the municipal division.

At the financial statement dates identified in the table of contents for the years ended 1998, 1997, and 1996, all bank account balances reported for the municipal divisions of the Thirty-Fourth Judicial Circuit, Pemiscot County, Missouri, were entirely covered by federal depositary insurance.

3. Disbursements to State

The municipal divisions collect various amounts that must be remitted to the state of Missouri. These amounts include the surcharges for the Crime Victims' Compensation and Services to Victims Funds, the Peace Officer Standards and Training Commission Fund, and (until July 1, 1997, when municipal divisions were no longer required to assess the surcharge) the Independent Living Center Fund. The state's portions of these amounts are deposited into the city treasury for all municipal divisions, except the municipal divisions of the city of Cooter, the city of Hayti, the city of Holland, and the city of Steele. Amounts remitted by the cities to the state are not included in the financial statements.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Current Recommendations

THIRTY-FOURTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S CURRENT RECOMMENDATIONS

We have audited the special-purpose financial statements of the various municipal divisions (other than the municipal divisions of the city of Caruthersville and the city of Hayti Heights as of and for the years ended June 30, 1998 and 1997) of the Thirty-Fourth Judicial Circuit, Pemiscot County, Missouri, as of and for the years ended June 30, 1998 and 1997, and December 31, 1997 and 1996, and have issued our report thereon dated October 7, 1998. That report expressed a qualified opinion on the special-purpose financial statements of the municipal divisions of the city of Hayti, the city of Steele, the city of Cooter, the city of Holland, and the city of Wardell for the applicable fiscal periods.

We also had planned to audit the special-purpose financial statements of the municipal divisions of the city of Caruthersville and the city of Hayti Heights as of and for the years ended June 30, 1998 and 1997, and have issued our report thereon dated October 7, 1998. In that report we did not express an opinion on those special-purpose financial statements.

The following Management Advisory Report presents our findings and recommendations arising from our procedures related to the municipal divisions' special-purpose financial statements. During those procedures, we also identified certain management practices which we believe could be improved. Our procedures were not designed or intended to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered as all-inclusive of areas where improvements may be needed.

1.	City of Caruthersville Municipal Division
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A. During our review we noted the following concerns related to receipts:

- 1) The duties of receiving, recording, and depositing monies are not adequately segregated. Currently, the Court Clerk performs all of these duties. There is no independent reconciliation between receipts and deposits. In addition, there is no supervisory review performed of the Court Clerk's functions by an independent person.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be supervisory review of the reconciliations between receipts and deposits by an independent person.

- 2) Receipts are not always deposited intact or into the bank account for which the receipt slip was written. We noted many instances where the Court Clerk deposited fine receipts from fines into the bond account and bond receipts into the fines account. As a result, the Court Clerk sometimes refunded monies out of the wrong account.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact. To maintain proper accountability, monies should be deposited into the bank account for which the receipt slip was written.

- 3) Bank reconciliations are not prepared for the court's bank accounts. In addition, the Court Clerk does not maintain a record of the bank account balance in the accounting records. A record of the bank account balance and monthly bank reconciliations are necessary to ensure the accounts are in agreement with the accounting records and to detect errors on a timely basis.
- 4) The Court Clerk sometimes disburses fines in cash to the city's Criminal Investigations Fund. The monies are originally receipted by the Court Clerk into either the fines account or the bond account and subsequently transmitted in cash by the Court Clerk to the city's Criminal Investigations Fund. To ensure proper accountability, monies collected should be deposited to a court bank account and subsequently disbursed by check.
- 5) The Court Clerk does not maintain a bond ledger and does not reconcile pending bonds (open items) to funds held in trust. A bond ledger is necessary to ensure all bonds have been recorded and accounted for properly. Open items should be reconciled monthly to bond monies held in trust to ensure funds are sufficient to meet liabilities.

B. The court allows defendants to make partial payments on fines and court costs. During our review, we noted the following concerns relating to amounts owed to the court:

- 1) The Court Clerk does not reconcile control listings of cases with balances due to the detailed accounts receivable records. A periodic reconciliation is necessary to ensure accounts receivable are accounted for properly.
- 2) The Court Clerk writes off uncollectible accounts with verbal approval from the Police Chief. The Municipal Judge does not review the accounts receivable or approve writing off uncollectible accounts. During the two years ended June 30, 1998, the Court Clerk wrote off receivables totaling approximately \$30,000. Of this amount, approximately \$10,700 was reinstated as an accounts receivable when a partial payment or a payment in full was subsequently received by the Court Clerk.

The Court Clerk should write off accounts receivable only after obtaining documented approval from the judge. To aid in ensuring the judge reviews the accounts receivable on a periodic basis for appropriate action, the court should consider instituting a continuance docket wherein the defendant would continue to appear on the docket until the fine and court costs were paid or a write off is authorized by the judge.

- 3) The court allows defendants to perform community service (work detail) in lieu of payment of fines and court costs. However, adequate documentation is not maintained to support amounts credited to defendants for community service performed. A time sheet indicating the date, hours worked, and the work performed should be completed by the defendant and approved by the work detail supervisor to ensure that hours are being worked.

C. We noted the following concerns related to traffic tickets and complaint forms.

- 1) The police department uses complaint forms that are not prenumbered by the printer. In addition, a log is not maintained to account for the complaint forms and their ultimate disposition.

To ensure all complaints are properly submitted to the court, prenumbered complaint forms should be issued and their numerical sequence accounted for properly.

- 2) Neither the police department nor the municipal division maintains adequate records to account for traffic tickets issued and their ultimate disposition. In addition, the police department did not maintain records to account for traffic ticket books assigned. While individual officers are responsible for maintaining logs with details regarding the issuance or disposition of each ticket, the police department could not provide all of the logs used during the audit period.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic tickets, the police department and the municipal division cannot be assured all tickets issued are submitted to the court for processing.

- D. We noted three instances where charges were either reduced or dropped by the Police Chief without documented approval by the City Attorney. The Police Chief indicated he consults with the City Attorney prior to reducing or dropping charges; however, the City Attorney does not sign the ticket to document his approval.
- E. The Municipal Judge does not always document her review of the dispositions recorded on the court docket by the Court Clerk. To ensure the proper disposition of all cases, the Municipal Judge should document her review of the dispositions entered into the court docket.
- F. From January 1, 1997 to June 30, 1998, Peace Officer Standards and Training Commission (POSTC) fees totaling \$1,155 were retained by the city instead of being remitted to the state. Section 590.140, RSMo Cumulative Supp. 1998, requires POSTC fees to be remitted to the state monthly.
- G. Although the municipal division operates a Traffic Violations Bureau (TVB) that allows certain offenses to be paid prior to the court date, a court order has not been issued to formally establish the TVB.

Section 479.050, RSMo 1994, states that a TVB may be established by the Municipal Judge. Supreme Court Rule No. 37.49 requires the Municipal Judge to establish the TVB by court order, to designate a TVB clerk, and to establish by schedule, which is to be prominently posted at the TVB, the amount of fines and court costs to be imposed for each offense.

Conditions similar to A.1., A.2., A.4., A.5., C.2. and G were also noted in our prior report.

Because of the problems noted above, we were unable to express an opinion on the financial statements of the city of Caruthersville as of and for the years ended June 30, 1998 and 1997. These deficiencies are serious and should be corrected immediately.

WE RECOMMEND the city of Caruthersville Municipal Division:

- A.1. Adequately segregate the duties or establish a documented supervisory review of the reconciliation between receipts and deposits by an independent person.

2. Deposit court receipts intact daily or when accumulated receipts exceed \$100.
3. Maintain a record of the bank account balance and reconcile this balance to the monthly bank statement.
4. Deposit all monies into the bond or fines bank account and make subsequent disbursements by check.
5. Maintain a bond ledger and periodically reconcile open items to funds held in trust.
- B.1. Periodically reconcile control listings of cases with balances due to the detailed accounts receivable records.
 2. Write off uncollectible accounts receivable only after review and approval by the Municipal Judge.
 3. Maintain documentation for community service work performed.
- C.1. Request the city obtain prenumbered complaint forms.
 2. Work with the police department to account for the numerical sequence and ultimate disposition of all traffic tickets.
- D. Ensure the Prosecuting Attorney documents his dismissal or reduction of charges on traffic tickets.
- E. Fully document all cases and their disposition on a court docket and ensure the Municipal Judge reviews and signs the docket to indicate approval of the recorded disposition.
- F. Transmit \$1,155 to the state for POSTC fees. In the future, ensure POSTC fee collections are disbursed monthly.
- G. Prepare a court order to authorize the establishment of a TVB and prominently post a schedule which specifies the offenses which may be paid at the TVB and the amount of fines and costs to be imposed for each offense.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk responded as follows:

- A.1. *A person has been assigned the duties of reviewing and reconciling of receipts and deposits.*
 2. *This was implemented.*
 3. *The individual in A.1. will reconcile bank account balances to monthly bank statements and the Court Clerk will maintain a record of the bank account balance.*
 4. *Deposits into bonds and fines accounts and the writing of checks for all disbursements are now being done.*
 5. *A new peg-board system has been ordered, also a computer programmer will be in to review modification of our computer software to better track our whole court docket system.*
- B.1. *When the peg-board system is implemented and the computer programs changed, we hope to better reconcile control listings of cases with balances due.*

2. *Write offs of accounts will be done with the overview and consent of the Municipal Judge.*
3. *Records for community service work are being kept at this time.*
- C.1. *Prenumbered complaints are just not practical. Most complaints are computer generated and others are taken manually out on the streets when situations arise that make it more feasible to do so. Complaints are given a case number when the form is processed at the police station and the forms can be tracked by the case number.*
2. *A new system has been implemented to account for all tickets and their dispositions.*
- D. *All reductions and dismissals of charges on traffic tickets will be documented.*
- E. *All cases and their dispositions on court dockets are being documented, reviewed and signed by the Judge for approval of recorded dispositions.*
- F. *The check is being processed at this time.*
- G. *A court order has been issued to establish a TVB effective March 18, 1999 and a list of fines and costs has always been posted.*

2.	City of Cooter Municipal Division
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A. During our review we noted the following concerns related to receipts:

- 1) The duties of receiving, recording, and depositing monies are not adequately segregated. Currently, the Court Clerk performs all of these duties. There is no independent reconciliation between receipts and deposits. In addition, there is no supervisory review performed of the Court Clerk's functions by an independent person.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be supervisory review of the reconciliations between receipts and deposits by an independent person.

- 2) The police department employee occasionally collects court monies when the Court Clerk is not available; however, this individual is not bonded. Failure to properly bond all persons with access to assets exposes the municipal division and the city to risk of loss.
- 3) The Court Clerk does not maintain a bond ledger and does not reconcile pending bonds (open items) to funds held in trust. A bond ledger is necessary to ensure all bonds have been recorded and accounted for properly. Open items should be reconciled monthly to bond monies held in trust to ensure funds are sufficient to meet liabilities.

B. Neither the police department nor the municipal division maintains adequate records to account for all traffic tickets issued and their ultimate disposition. In addition, the police department did not maintain records to account for traffic ticket books assigned.

Without a proper accounting of the numerical sequence and disposition of traffic tickets, the police department and the court cannot be assured all tickets issued are submitted to the court for processing.

- C. Although the municipal division operates a Traffic Violations Bureau (TVB) that allows certain offenses to be paid prior to the court date, a court order has not been issued to formally establish the TVB.

Section 479.050, RSMo 1994, states that a TVB may be established by the Municipal Judge. Supreme Court Rule No. 37.49 requires the Municipal Judge to establish the TVB by court order, to designate a TVB clerk, and to establish by schedule, which is to be prominently posted at the TVB, the amount of fines and court costs to be imposed for each offense.

WE RECOMMEND the city of Cooter Municipal Division:

- A.1. Adequately segregate the duties or establish a documented supervisory review of the reconciliation between receipts and deposits by an independent person.
2. Request the city to obtain bond coverage for all individuals handling court monies.
3. Maintain a bond ledger and periodically reconcile open items to funds held in trust.
- B. Work with the police department to account for the numerical sequence and ultimate disposition of all traffic tickets assigned and issued.
- C. Prepare a court order to authorize the establishment of a TVB and prominently post a schedule which specifies the offenses which may be paid at the TVB and the amount of fines and costs to be imposed for each offense.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk responded as follows:

- A.1. *The city's Certified Public Accountant will review the reconciliation between receipts and deposits of the Cooter Municipal Court monthly activity. The Judge compares receipt slips to deposit slips and the court docket to ensure records are in agreement. This review will be documented in the future.*
2. *Bond coverage has been obtained for all individuals handling court monies..*
3. *A bond ledger shall be utilized and periodically reconciled for open items to funds held in trust.*
- B. *The Police Department will more strictly account for the numerical sequence and ultimate disposition of all traffic tickets assigned and issued to correct the issuing of traffic books out of sequence to patrol cars.*
- C. *A court order shall be made establishing the TVB and the fines list shall be posted.*

3.	City of Hayti Municipal Division
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- A. During our review we noted the following concerns related to receipts:
- 1) The duties of receiving, recording, and depositing monies are not adequately segregated. Currently, the Court Clerk performs all of these duties. There is no independent reconciliation between receipts and deposits. In addition, there is no

supervisory review performed of the Court Clerk's functions by an independent person.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented supervisory review of the reconciliations between receipts and deposits by an independent person.

- 2) Court receipts are not deposited in the municipal division bank account on a timely basis. The Court Clerk makes deposits approximately once or twice a month with the deposits averaging approximately \$3,500. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.
- 3) Receipts are not always deposited intact. The police department sometimes uses cash receipts for expenditures related to drug investigations even though a separate petty cash fund is maintained by the police department for drug investigations. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact. Disbursements for drug investigations should be made solely from the police department's petty cash fund.
- 4) Bank reconciliations are not prepared for the municipal division bank account. In addition, the Court Clerk does not maintain a record of the bank account balance in the accounting records. A record of the bank account balance and monthly bank reconciliations are necessary to ensure the account is in agreement with the accounting records and to detect errors on a timely basis.
- 5) The Court Clerk does not maintain a bond ledger and does not reconcile pending bonds (open items) to funds held in trust. A bond ledger is necessary to ensure all bonds have been recorded and accounted for properly. Open items should be reconciled monthly to bond monies held in trust to ensure funds are sufficient to meet liabilities.

B. We noted the following concerns related to traffic tickets and summons forms.

- 1) Complaint forms are prepared by local citizens with the help of the police department. The forms are forwarded to the City Attorney for review. Upon approval by the City Attorney, the Court Clerk prepares a summons form which is forwarded to the defendant. The summons forms are not prenumbered and therefore, cannot be accounted for properly.
- 2) Neither the police department nor the municipal division maintains adequate records to account for all summons forms and traffic tickets issued and their ultimate disposition. A log is maintained to track the ticket books assigned to each officer, but no detail regarding the issuance or disposition of each ticket is maintained.

Without a proper accounting of the numerical sequence and ultimate disposition of summons forms and traffic tickets, the police department and the municipal division cannot be assured all tickets issued are submitted to the court for processing.

- C. Although the municipal division operates a Traffic Violations Bureau (TVB) that allows certain offenses to be paid prior to the court date, a court order has not been issued to formally establish the TVB.

Section 479.050, RSMo 1994, states that a TVB may be established by the Municipal Judge. Supreme Court Rule No. 37.49 requires the Municipal Judge to establish the TVB by court order, to designate a TVB clerk, and to establish by schedule, which is to be prominently posted at the TVB, the amount of fines and court costs to be imposed for each offense.

Conditions similar to A. and B. were also noted in our prior report.

WE RECOMMEND the city of Hayti Municipal Division:

- A.1. Adequately segregate the duties or establish a documented supervisory review of the reconciliation between receipts and deposits by an independent person.
2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
3. Deposit all court receipts intact and make all drug investigation expenditures from the petty cash fund.
4. Maintain a record of the bank account balance and reconcile the court bank account to this balance monthly.
5. Maintain a bond ledger and periodically reconcile listings of open items to funds held in trust.
- B. Request the city obtain prenumbered summons forms. In addition, the municipal division should work with the police department to account for the numerical sequence and ultimate disposition of all traffic tickets and summons forms issued.
- C. Prepare a court order to authorize the establishment of a TVB and prominently post a schedule which specifies the offenses which may be paid at the TVB and the amount of fines and costs to be imposed for each offense.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk responded as follows:

- A.1. *Due to the size of our city government we will not be able to segregate the duties, although we will establish some independent person to review the receipts and deposits.*
2. *Deposits are now being made on a more timely basis intact.*
3. *We will set up a petty cash drawer to only be used for drug investigation expenditures.*
4. *We are already maintaining a record of the bank account and reconciling the court bank account monthly.*
5. *We will implement a procedure to reconcile open items to funds held in trust.*
- B. *This will be discussed with the Judge and Police Chief in regards to complaints and summonses. We already account for the numerical sequence of traffic tickets and have their dispositions on the computer. We do not believe it is cost-beneficial to use prenumbered summons forms. The Court Clerk completes an information sheet and assigns a case number when summons forms or complaint forms are turned in to the court. We believe our current procedures provide adequate control.*

C. *We will establish a court order for the TVB.*

4. City of Hayti Heights Municipal Division
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The city of Hayti Heights operated a municipal division only during the three month period of July through September 1996 and also for the month of October 1997. Since that time, the city has not had a police department, and no court sessions have been held. During our review, we noted the following concerns related to court procedures. These recommendations should be considered for implementation if the city re-establishes a municipal division.

A. During our review we noted the following concerns related to receipts:

- 1) The City Clerk and Police Department were responsible for collecting court monies and issuing receipt slips for payments received. However, receipt slips were retained only for August 11, 1997 through September 10, 1997. Since complete records were not available, we could not apply auditing procedures to records originating from this time period. The municipal division needs to ensure all court records are retained in accordance with Supreme Court Administrative Rule 8.04 which requires records to be retained five years or upon completion of an audit if sooner.
- 2) The available receipt slips were not prenumbered by the printer and did not indicate the method of payment. To adequately account for receipts and ensure receipts are deposited intact, prenumbered receipt slips should be issued indicating the method of payment and the composition of monies received should be reconciled to the composition of bank deposits.
- 3) The duties of receiving, recording, and depositing monies are not adequately segregated. Currently, the Court Clerk performs all of these duties. There is no independent reconciliation between receipts and deposits. In addition, there is no supervisory review performed of the Court Clerk's functions by an independent person.

To adequately safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented supervisory review of the reconciliations between receipts and deposits by an independent person.

- 4) Receipts are not deposited intact or on a timely basis. Court receipts are commingled with other city monies upon deposit and may be deposited in any of the city's five bank accounts.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- 5) All court receipts are supposed to be deposited in the police bank account. Bank reconciliations are not prepared for the police bank account. In addition, the Court Clerk does not maintain a record of the bank account balance in the accounting

records. A record of the bank account balance and monthly bank reconciliations are necessary to ensure the account is in agreement with the accounting records and to detect errors on a timely basis.

- 6) The Court Clerk does not maintain a bond ledger and does not reconcile pending bonds (open items) to funds held in trust.

A bond ledger is necessary to ensure all bonds have been recorded and accounted for properly. Open items should be reconciled monthly to bond monies held in trust to ensure funds are sufficient to meet liabilities.

- 7) Checks and money orders are not restrictively endorsed immediately upon receipt. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

- B. The final disposition of each case is not always documented on the court docket. In addition, court dockets were not always signed by the Municipal Judge. The ultimate disposition of each case should be recorded on the docket to ensure the proper disposition has been recorded in the court records. Further, the dockets should be signed by the Municipal Judge.

- C. Neither the police department nor the municipal division maintains adequate records to account for all traffic tickets assigned and issued, and their ultimate disposition. Of 500 tickets assigned to the city in 1994 by the MSHP, 103 tickets could not be accounted for by the police department or the municipal division.

Without a proper accounting of the numerical sequence and ultimate disposition of traffic tickets, the police department and the municipal division cannot be assured all traffic tickets issued are submitted to the court for processing.

- D. Although the municipal division operates a Traffic Violations Bureau (TVB) that allows certain offenses to be paid prior to the court date, a court order has not been issued to formally establish the TVB.

Section 479.050, RSMo 1994, states that a TVB may be established by the Municipal Judge. Supreme Court Rule No. 37.49 requires the Municipal Judge to establish the TVB by court order, to designate a TVB clerk, and to establish by schedule, which is to be prominently posted at the TVB, the amount of fines and court costs to be imposed for each offense.

- E. The city has authorized a \$2 fee to be collected for the Law Enforcement Training (LET) Fund in accordance with Section 590.140, RSMo Supp. 1994. This fee is charged on all violations of municipal ordinances except cases dismissed by the court; however, the court does not maintain a record of LET fees collected. Section 590.140, RSMo Supp. 1994, requires that the monies collected from these fees be paid to the city and expended only for the purposes of training law enforcement officers. Without a proper accounting of the LET fees collected, it cannot be determined whether the monies have been paid to the city and expended only for the purposes allowed by state law.

- F. CVC fees collected by the court have not been paid to the state Department of Revenue. Section 595.045, RSMo Cumulative Supp. 1998, requires 95 percent of CVC fees be paid monthly to the state. The court should establish procedures to ensure the proper amounts are paid to the state on a timely basis. In addition, the court should determine the amount which is due to the state for CVC fees previously collected and remit this amount to the state.

- G. The court allows defendants to make partial payments on fines and court costs. However, the court does not maintain individual subsidiary or control records to account for individual and total amounts owed to the court. As a result, the court could not determine the total amount currently owed by individuals with partial payment plans. Accounts receivable records are necessary to ensure proper follow up action is taken and to facilitate monitoring of amounts due.

With the exception of items A.1., A.2., and A.7., conditions were similarly noted in our prior report.

Because of the problems noted above, we were unable to express an opinion on the financial statements of the city of Hayti Heights Municipal Division as of and for the years ended June 30, 1998 and 1997. These deficiencies are serious and should be corrected immediately.

WE RECOMMEND the city of Hayti Heights Municipal Division:

- A.1 Retain all court records in accordance with Supreme Court Administrative Rule 8.04.
2. Issue prenumbered receipt slips for all monies collected, indicate the method of payment on each receipt slip, and reconcile the composition of receipts to the composition of bank deposits.
3. Adequately segregate the duties or establish a documented supervisory review of the reconciliation between receipts and deposits by an independent person.
4. Deposit receipts intact daily or when accumulated receipts exceed \$100.
5. Maintain a record of the bank account balance and reconcile the police bank account to this balance monthly.
6. Maintain a bond ledger and periodically reconcile open items to funds held in trust.
7. Restrictively endorse checks and money orders immediately upon receipt.
- B. Fully document all cases and their disposition on the court docket.
- C. Work with the police department to account for the numerical sequence and ultimate disposition of all traffic tickets assigned and issued.
- D. Prepare a court order to authorize the establishment of a TVB and prominently post a schedule which specifies the offenses which may be paid at the TVB and the amount of fines and costs to be imposed for each offense.
- E. Maintain a record of the LET fees collected and forward this information to the city.
- F. Determine the amount which is due to the state for CVC fees previously collected and remit this amount to the state. In the future, the court should ensure all CVC fees are remitted to the state monthly as required by state law.
- G. Establish and maintain individual subsidiary and control accounts receivable records.

AUDITEE'S RESPONSE

The Vice Mayor responded as follows:

The city does not have a Court Clerk, only a City Clerk who from time to time sits in on the court sessions to record the disposition of the court docket. During the period of 1996-97, the Police Department was located in a different building than the City Hall and the officers were responsible for their own records. This may or may not have been a good idea.

The city plans to and will hire the necessary staff whenever we re-establish the Police Department.

Prenumbered receipts will be ordered and used in the future.

A segregation of duties will take place when the city re-establishes its Police Department to ensure proper record keeping.

The city is very grateful for your recommendations and advice and will adhere to them in the future. The city is working on putting back together its Police Department and at that time we will be seeking further guidance from the State Auditor's office and the State Court Administrator's office as to the LET Funds and CVC Fees and other matters.

5.

City of Holland Municipal Division

A. During our review we noted the following concerns relating to receipts:

- 1) The duties of receiving, recording, and depositing monies are not adequately segregated. Currently, the Court Clerk performs all of these duties. There is no independent reconciliation between receipts and deposits. In addition, there is no supervisory review performed of the Court Clerk's functions by an independent person.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be supervisory review of the reconciliations between receipts and deposits by an independent person.

- 2) Bank reconciliations are not performed for the municipal division's bank account. Monthly bank reconciliations are necessary to ensure the bank account is in agreement with the accounting records and to detect errors on a timely basis.
- 3) The Court Clerk does not maintain a bond ledger and does not reconcile pending bonds (open items) to funds held in trust. A bond ledger is necessary to ensure all bonds have been recorded and accounted for properly. Open items should be reconciled monthly to bond monies held in trust to ensure funds are sufficient to meet liabilities.

B. A police department employee occasionally collects court monies when the Court Clerk is not available; however, this individual is not bonded. Failure to properly bond all persons with access to assets exposes the municipal division and the city to risk of loss.

C. Neither the police department nor the municipal division maintains adequate records to account for all traffic tickets/complaint forms issued and their ultimate disposition. In addition, the police department did not maintain records to account for traffic ticket books assigned.

Without a proper accounting of the numerical sequence and ultimate disposition of complaint forms and traffic tickets, the police department and the municipal division cannot be assured all tickets and complaint forms issued are submitted to the court for processing.

- D. The city did not make monthly disbursements to the state Department of Revenue (DOR) for Crime Victims Compensation (CVC) fees and Peace Officer Standards and Training Commission (POSTC) fees. Various state laws require court costs collected to be remitted monthly. In addition, no documentation was maintained by the city or the municipal division which indicated how these fees were calculated or for which cases the disbursements were made. As a result, there is little assurance the court costs are properly distributed.
- E. Although the municipal division operates a Traffic Violations Bureau (TVB) that allows certain offenses to be paid prior to the court date, a court order has not been issued to formally establish the TVB.

Section 479.050, RSMo 1994, states that a TVB may be established by the Municipal Judge. Supreme Court Rule No. 37.49 requires the Municipal Judge to establish the TVB by court order, to designate a TVB clerk, and to establish by schedule the amount of fines and court costs to be imposed for each offense.

Conditions similar to A.1., A.3., A.4., and C. were also noted in our prior report.

WE RECOMMEND the city of Holland Municipal Division:

- A.1. Adequately segregate the duties or establish a documented supervisory review of the reconciliation between receipts and deposits by an independent person.
 - 2. Prepare monthly bank reconciliations.
 - 3. Maintain a bond ledger and periodically reconcile open items to funds held in trust.
- B. Request the city obtain bond coverage for all individuals handling court monies.
- C. Work with the police department to account for the numerical sequence and ultimate disposition of all traffic tickets and complaint forms assigned and issued.
- D. Remit court costs monthly to the state in accordance with state law, and retain documentation regarding calculation of the amounts disbursed.
- E. Prepare a court order to authorize the establishment of a TVB and prominently post a schedule which specifies the offenses which may be paid at the TVB and the amount of fines and costs to be imposed for each offense.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk responded as follows:

- A.1. *We agree to adequately segregate the duties or establish a documented supervisory review of the reconciliation between receipt and deposits by an independent person.*
 - 2. *We agree to prepare monthly bank reconciliations.*
 - 3. *We agree to maintain a bond ledger and periodically reconcile open items to funds held in trust.*
- B. *Bond coverage has been obtained for the Police Department employee and the City Clerk has always been bonded.*
- C. *We agree to work with the Police Department to account for the numerical sequence and ultimate disposition of all traffic tickets and complaint forms assigned and issued.*

- D. *We agree to remit court costs monthly to the state in accordance with state law, and retain documentation regarding calculation of the amount disbursed.*
- E. *A court order will be prepared.*

6. City of Steele Municipal Division

A. During our review we noted the following concerns related to receipts:

- 1) The duties of receiving, recording, and depositing monies are not adequately segregated. Currently, the Court Clerk performs all of these duties. There is no independent reconciliation between receipts and deposits. In addition, there is no supervisory review performed of the Court Clerk's functions by an independent person.

To adequately safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented supervisory review of the reconciliations between receipts and deposits by an independent person.

- 2) Court receipts are not deposited on a timely basis. The Court Clerk makes deposits approximately once a week. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact daily or when accumulated receipts exceed \$100.
- 3) The Court Clerk accepts cash, checks, and money orders for the payment of fines, court costs, and bonds. The Court Clerk does not always record the method of payment on receipt slips. To provide assurance all monies received have been properly deposited, each receipt slip should note the method of payment and the composition of receipts should be reconciled to the composition of bank deposits.
- 4) The Court Clerk does not maintain a bond ledger and does not reconcile pending bonds (open items) to funds held in trust. A bond ledger is necessary to ensure all bonds have been recorded and accounted for properly. Open items should be reconciled monthly to bond monies held in trust to ensure funds are sufficient to meet liabilities.
- 5) Some police officers collect fines and court costs. These individuals are not bonded. Failure to properly bond all persons with access to assets exposes the municipal division and the city to risk of loss.
- 6) Checks and money orders are not restrictively endorsed until monies are deposited. To reduce the risk of loss or misuse of funds, checks and money orders should be restrictively endorsed immediately upon receipt.

B. Bank reconciliations for the municipal division bank account are not prepared. Monthly bank reconciliations are necessary to ensure the bank account is in agreement with the accounting records and to detect errors on a timely basis.

- C. The municipal division does not prepare a court docket or indicate the disposition of all cases. The municipal division only prepares individual docket sheets on cases in which monies are due to the court.

Section 479.070, RSMo 1994, requires the proceeding for every case commenced before the court to be entered on a docket. To ensure the proper disposition has been entered in the court records by the Court Clerk, the Municipal Judge should ensure all cases are included on the docket and should review and sign the docket to indicate approval of the dispositions.

- D. We noted the following concerns related to traffic tickets and complaint forms.

- 1) Neither the police department nor the municipal division maintains adequate records to account for all traffic tickets/complaint forms issued and their ultimate disposition. In addition, the police department did not maintain records to account for traffic ticket books assigned.

Without a proper accounting of the numerical sequence and ultimate disposition of complaint forms and traffic tickets, the police department and the municipal division cannot be assured all tickets and complaint forms issued are submitted to the court for processing.

- 2) We noted three of fifteen (20 percent) applicable offenses reviewed involving point violations were not forwarded to the Missouri State Highway Patrol (MSHP) as required by state law. Section 302.225, RSMo Cumulative Supp. 1998, requires records of any pleas or findings of guilty on traffic violations under the laws of the state, county, or municipal ordinance to be forwarded to the MSHP within ten days of the conviction date.

- E. Although the municipal division operates a Traffic Violations Bureau (TVB) that allows certain offenses to be paid prior to the court date, a court order has not been issued to formally establish the TVB.

Section 479.050, RSMo 1994, states that a TVB may be established by the Municipal Judge. Supreme Court Rule No. 37.49 requires the Municipal Judge to establish the TVB by court order, to designate a TVB clerk, and to establish by schedule, which is to be prominently posted at the TVB, the amount of fines and court costs to be imposed for each offense.

Conditions similar to A.2., A.4., and D.1. were also noted in our prior report.

WE RECOMMEND the city of Steele Municipal Division:

- A.1. Adequately segregate the duties or establish a documented supervisory review of the reconciliation between receipts and deposits by an independent person.
2. Deposit receipts intact daily or when accumulated receipts exceed \$100.
3. Record the method of payment on all receipt slips issued and reconcile the composition of receipts to the composition of bank deposits.
4. Maintain a bond ledger and periodically reconcile the open items to funds held in trust.

5. Request the city consider obtaining bond coverage for all individuals handling court monies.
6. Restrictively endorse checks and money orders immediately upon receipt.
- B. Prepare monthly bank reconciliations.
- C. Fully document all cases and their disposition on the court docket.
- D.1. Work with the police department to account for the numerical sequence and ultimate disposition of all traffic tickets and complaint forms assigned and issued.
2. Forward all required records of convictions on traffic offenses to the MSHP within ten days as required by state law.
- E. Prepare a court order to authorize the establishment of a TVB and prominently post a schedule which specifies the offenses which may be paid at the TVB and the amount of fines and costs to be imposed for each offense.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk responded as follows:

- A.1. *Our Certified Public Accountant reconciles receipts and deposits on a monthly basis. The Judge compares receipt slips to deposit slips and the court docket to ensure records are in agreement. This review will be documented in the future.*
2. *Deposits will be made to comply with the recommendation.*
3. *Receipt slips show method of payment and bank deposit slips show composition.*
4. *A ledger will be used for bonds that will be reconciled.*
5. *The city now has bond coverage for individuals handling monies.*
6. *Checks will be endorsed as recommended.*
- B. *Monthly bank reconciliations will be made.*
- C. *Cases will be fully documented on the court docket.*
- D.1. *We will be working with the Police Department on the numerical sequence of traffic tickets and complaint forms assigned and issued.*
2. *These three exceptions must have been by oversight because it is the court's procedure to forward this information to the MSHP on convicted cases.*
- E. *A court order will be prepared.*

7.	City of Wardell Municipal Division
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- A. During our review we noted the following concerns relating to receipts:
 - 1) The duties of receiving, recording, and depositing monies are not adequately segregated. Currently, the Court Clerk performs all of these duties. There is no independent reconciliation between receipts and deposits. In addition, there is no

supervisory review performed of the Court Clerk's functions by an independent person.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of receiving and depositing court monies from recording receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be supervisory review of the reconciliations between receipts and deposits by an independent person.

- 2) Court receipts are commingled with other city receipts and are not deposited intact. We noted numerous instances in which cash received was used to cash payroll and other checks for city employees and the public. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, the practice of cashing personal checks should be discontinued and deposits should be made intact.
- 3) All police officers collect fines and court costs. These individuals are not bonded. Failure to properly bond all persons with access to assets exposes the municipal division and the city to risk of loss.

B. Some fines and court costs assessed were not recorded on the court docket.

Section 479.070, RSMo 1994, requires the proceeding for every case commenced before the court to be entered on a docket. To ensure the proper disposition has been entered in the court records by the Court Clerk, the Municipal Judge should ensure all cases are included on the docket and should review and sign the docket to indicate approval of the dispositions.

C. We noted the following concerns related to traffic tickets and complaint forms.

- 1) Neither the police department nor the municipal division maintains adequate records to account for all traffic tickets/complaint forms issued and their ultimate disposition. In addition, the police department did not maintain records to account for traffic ticket books assigned.

Without a proper accounting of the numerical sequence and ultimate disposition of complaint forms and traffic tickets, the police department and the municipal division cannot be assured all tickets and complaint forms issued are submitted to the court for processing.

- 2) We noted four of seventeen (23 percent) applicable offenses reviewed involving point violations were not forwarded to the Missouri State Highway Patrol (MSHP) as required by state law. Section 302.225, RSMo Cumulative Supp. 1998, requires records of any pleas or findings of guilty on traffic violations under the laws of the state, county, or municipal ordinance to be forwarded to the MSHP within ten days of the conviction date.

D. Although the city of Wardell Municipal Division operates a Traffic Violations Bureau (TVB) that allows certain offenses to be paid prior to the court date, a court order has not been issued to formally establish the TVB. The city of Wardell Municipal Division also processes cases for traffic tickets and summonses issued by the city of Homestown Police Department. The court

allows fines and court costs for certain offenses to be paid directly to the city of Homestown; however, a TVB also has not been established at the city of Homestown by a court order.

Section 479.050, RSMo 1994, states that a TVB may be established by the Municipal Judge. Supreme Court Rule No. 37.49 requires the Municipal Judge to establish the TVB by court order, to designate a TVB clerk, and to establish by schedule the amount of fines and court costs to be imposed for each offense.

- E. CVC fees collected by the court are deposited directly into the city treasury. The Court Clerk computes the amount due to the state and the city disburses the state's portion of CVC fees to the DOR; however, 95 percent of the CVC fees collected are remitted to the DOR only for moving traffic violations. CVC fees collected on other cases are not remitted to the DOR as required by law.

Section 595.045, RSMo Cumulative Supp. 1998, requires 95 percent of all CVC fees collected be paid monthly to the state. The court should establish procedures to ensure the proper amounts are paid to the state on a timely basis. In addition, the court should determine the amount which is due to the state for CVC fees previously collected and remit this amount to the state.

- F. While a schedule of fines and court costs to be collected at the TVB for certain offenses is available, we noted that the TVB schedule does not include all applicable offenses which can be paid at the TVB. In addition, we noted that the fines and court costs schedule has not been updated since October 1992.

The court should take appropriate action to ensure all applicable offenses to be paid at the TVB are included on the schedule, and that fines and court costs are assessed and collected in accordance with the revised TVB schedule.

Conditions similar to A.1., B, C.1., D, E, and F. were also noted in our prior report.

WE RECOMMEND the city of Wardell Municipal Division:

- A.1. Adequately segregate the duties or establish a documented supervisory review of the reconciliation between receipts and deposits by an independent person.
 - 2. Discontinue cashing personal checks with official receipts and deposit all monies intact.
 - 3. Request the city consider obtaining bond coverage for all individuals handling court monies.
- B. Fully document all cases and their disposition on the court docket.
- C.1. Work with the police department to account for the numerical sequence and ultimate disposition of all traffic tickets and complaint forms assigned and issued.
 - 2. Forward all required records of convictions on traffic offenses to the MSHP within ten days as required by state law.
- D. Prepare a court order to authorize the establishment of the TVB's at the cities of Wardell and Homestown.

- E. Determine the amount which is due to the state for CVC fees previously collected and remit this amount to the state. In the future, the court should ensure all CVC fees are remitted to the state monthly as required by state law.
- F. Ensure the TVB schedule includes the amount of fines and court costs for every offense which can be paid at the TVB.

AUDITEE'S RESPONSE

The Municipal Judge and Court Clerk responded as follows:

- A.1. *The duties of Court Clerk remain the same. The Judge will try to review the Clerk's record when court is held monthly.*
- 2. *A separate checking account has been established for the court. All receipts are deposited intact and there is no check cashing in any department.*
- 3. *The police officer is bonded as well as the Clerk and the water and sewer superintendent.*
- B. *The Judge and Clerk are trying to ensure all cases are on the docket.*
- C.1. *Traffic tickets are prenumbered and we only have one police officer. Used and voided tickets are filed numerically to ensure all tickets are used. We will get prenumbered complaint forms to ensure they are kept properly.*
- 2. *All is done to ensure tickets are sent within ten days.*
- D. *A court order will be prepared by the Judge to establish a TVB at Wardell. The city of Wardell Municipal Division no longer processes cases for Homestown.*
- E. *The Court Clerk tries to send CVC fees to the state monthly. The Court Clerk calculated the amount owed to the state and paid it.*
- F. *The new Municipal Judge will request the Court Clerk and the City Attorney to update the schedule of offenses.*

This report is intended for the information of the management of the various municipal divisions of the Thirty-Fourth Judicial Circuit, Pemiscot County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on State Auditor's Prior Recommendations

THIRTY-FOURTH JUDICIAL CIRCUIT
MUNICIPAL DIVISIONS - PEMISCOT COUNTY, MISSOURI
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

This section reports follow-up action taken by seven of the municipal divisions of the Thirty-Fourth Judicial Circuit, Pemiscot County, Missouri, on recommendations made in the Management Advisory Report (MAR) of our report issued for the three years ended 1991, 1992, and 1993 and our report on the city of Hayti Heights Municipal Division for the two years ended June 30, 1992. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the municipal division should consider implementing these recommendations.

1. City of Caruthersville Municipal Division

- A. The duties of receiving, recording, and depositing court monies were not adequately segregated.
- B.1. Receipt slips were not prenumbered.
- 2. Receipts were not deposited timely.
- 3. Receipts were not deposited intact.
- 4. Receipt slips did not indicate the method of payments received.
- C.1. Cash bonds were held by the Court Clerk until disposition of the case and were not always deposited into a bank account.
- 2. A bond ledger was not maintained.
- D. Checks issued by the municipal division were not prenumbered.
- E.1. The court did not maintain a traffic ticket log to document the traffic ticket books assigned to each police officer.
- 2. Neither the police department nor the municipal division accounted for the numerical sequence of traffic tickets issued, and their ultimate disposition.
- 3. The animal control officer did not use prenumbered tickets for animal control violations.
- F. Not all individuals who collected fines and court costs were bonded.
- G. The court did not indicate the disposition of all cases on the court docket and court costs collected did not agree to the amounts recorded on the docket..
- H. The court did not charge LET fees on non-traffic ordinance violations.

- I. The court did not forward required records of some convictions on traffic offenses to the MSHP within ten days.

Recommendation:

The city of Caruthersville Municipal Division:

- A. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits.
- B.1. Issue prenumbered receipt slips for all monies received and account for the numerical sequence.
 - 2. Deposit receipts daily or when accumulated receipts exceed \$100.
 - 3. Deposit receipts intact and reconcile the total receipt slips to bank deposits.
 - 4. Indicate the method of payment on each receipt slip issued and reconcile total cash, checks, and money orders received to bank deposits.
- C.1. Open a bank account for the deposit of all cash bonds, and make subsequent disbursements of the bonds by check.
 - 2. Maintain a bond ledger to account for bond receipts, forfeitures, refunds, and balances. The ledger should be reconciled monthly to the bonds held in trust by the court.
- D. Obtain and use prenumbered checks for all disbursements and account for the numerical sequence.
- E.1.
 - &2. Work with the police department to ensure records are maintained to account for the numerical sequence of all traffic tickets. A system should also be developed to account for the ultimate disposition of all traffic tickets.
 - 3. Obtain and use prenumbered animal control tickets for animal control violations and account for the numerical sequence of those tickets.
- F. Request the city to consider obtaining bond coverage for all individuals handling court monies.
- G. Record on the court docket all cases heard before the Municipal Judge. In addition, the disposition of these cases should be accurately recorded on the court docket.
- H. Collect the \$2 LET fee on all violations of municipal ordinances, except for nonmoving traffic violations and cases dismissed by the court, in accordance with state law.

- I. Forward all required records of convictions on traffic offenses to the MSHP within ten days as required by state law. In addition, court files should be reviewed for applicable tickets that should be forwarded to the MSHP.

Status:

A., B.3.

C.2.

E.1.&

E.2. Not implemented. See MAR No. 1.

B.1,D,

F,&G. Implemented.

B.2. Partially implemented. Deposits are made approximately two to three times per week. Although not repeated in the current MAR, our recommendation remains as stated above.

B.4. Partially implemented. The division now indicates the method of payment on all receipt slips; however, the composition of receipts is not reconciled to the composition of deposits. See MAR No. 1.

C.1. Partially implemented. A bank account has been opened for cash bonds; however, some cash disbursements were made from bond receipts to the Criminal Investigation Fund. See MAR No. 1.

E.3. Partially implemented. Separate tickets for animal control violations are no longer used. The police department issues Uniform Traffic Tickets for all city ordinances; however, the numerical sequence of all traffic tickets is not accounted for properly. See MAR No.1.

H. Based on statutory changes effective July 1, 1997, LET fees are to be collected on all cases including non-moving traffic violations.

I. Partially implemented. Minor errors were noted. Although not repeated in the current MAR, our recommendation remains as stated above.

2. City of Hayti Municipal Division

A. The duties of receiving, recording, and depositing court monies were not adequately segregated.

B.1. Receipts were not deposited timely.

2. Receipts were not deposited intact.

C. Cash received from court receipts was used to make petty cash expenditures and expenditures related to drug investigations.

- D. Formal bank reconciliations were not prepared. The Court Clerk did not maintain a record of the bank account balance in the accounting records.
- E.1. A bond ledger was not maintained.
- 2. A monthly listing of open items (liabilities) was not prepared.
- F.1. The court did not maintain a traffic ticket log to document the traffic ticket books assigned to each police officer.
- 2. Neither the police department nor the municipal division accounted for the numerical sequence of traffic tickets issued, and their ultimate disposition.
- G. Not all individuals who collected fines and court costs were bonded.
- H. Adequate procedures to follow-up on amounts owed to the municipal division had not been established.
- I. Some fines and court costs collected did not agree to the TVB schedule and the Municipal Judge did not document an assessment of a different amount.
- J. A \$2 LET fee and \$5 CVC fee were mistakenly charged on court cases involving nonmoving traffic violations and cases dismissed by the court.
- K. A court order had not been issued to formally establish the TVB. The schedule of fines and court costs had not been posted at the TVB.

Recommendation:

The City of Hayti Municipal Division:

- A. Adequately segregate the duties of receiving, recording, and depositing court receipts. At a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits.
- B.1. Deposit receipts daily or when accumulated receipts exceed \$100.
- 2. Deposit receipts intact and reconcile the total receipt slips to bank deposits.
- C. Deposit all court receipts intact and make all petty cash and drug investigation expenditures from separate funds which are maintained by the police department on an imprest basis.
- D. Maintain a record of the bank account balance and reconcile the court bank account to this balance monthly.
- E.1. Maintain a bond ledger to account for bond receipts, forfeitures, refunds, and balances.

2. Prepare monthly listings of open items (liabilities) and reconcile these listings to monies held in trust by the court.
- F. Work with the police department to ensure records are maintained to account for the numerical sequence of all traffic tickets. A system should also be developed to account for the ultimate disposition of all traffic tickets.
- G. Request the city to consider obtaining bond coverage for all individuals handling court monies.
- H. Establish procedures to maximize the collection of fines and court costs owed to the court. In addition, all uncollectible accounts receivable should be written off following review and approval by the Municipal Judge.
- I. Collect the proper amount of fines and court costs in accordance with the TVB schedule or in accordance with the Municipal Judge's order.
- J. Collect the \$5 CVC fee and the \$2 LET fee on all violations of municipal ordinances, except for nonmoving traffic violations and cases dismissed by the court, in accordance with state law.
- K. Prepare a court order to authorize the establishment of a TVB and prominently post a schedule which specifies the offenses which may be paid at the TVB and the amount of fines and costs to be imposed for each offense.

Status:

A.,B.1.

D.,E.1.,

& K. Not implemented. See MAR No. 3.

B.2. Partially implemented. The Court Clerk reconciles total receipt slips to bank deposits; however, deposits are not always made intact. See MAR No. 3.

C. Partially implemented. A bank account was opened for expenditures related to drug investigations and a \$50 petty cash fund was initiated; however, the police department occasionally used cash collected from fines and costs for expenditures related to drug investigations. See MAR No. 3.

E.2. Partially implemented. An open items list is prepared; however, the Court Clerk does not reconcile the list to bonds held in trust. See MAR No. 3.

F. Partially implemented. Documentation of which ticket books are assigned to officers is maintained; however, the numerical sequence of traffic tickets is not accounted for. See MAR No. 3.

G. Partially implemented. Bonds were obtained for the Court Clerk and Police Chief; but not for all police officers who collected fines and court costs. Although not repeated in the current MAR, our recommendation remains as stated above.

H&I. Implemented.

J. Based on statutory changes effective July 1, 1997, LET and CVC fees are to be collected on all cases including non-moving traffic violations.

3. City of Holland Municipal Division

A.1. Approximately \$167 in bonds, fines, and court costs were received by the municipal division but were not deposited into the city treasury.

2. Receipt slips were not prenumbered.

3. Receipts were not deposited timely.

4. Receipt slips did not indicate the method of payments received.

5. Receipt slips were not issued for some monies received.

B. The duties of receiving, recording, and depositing court monies were not adequately segregated.

C. The court did not maintain a traffic ticket log to document the traffic ticket books assigned to each police officer. Neither the police department nor the municipal division accounted for the numerical sequence of traffic tickets issued, and their ultimate disposition.

D.1. A bond ledger was not maintained.

2. A monthly listing of open items (liabilities) was not prepared.

E. The court did not forward required records of some convictions on traffic offenses to the MSHP within ten days.

Recommendation:

The city of Holland Municipal Division:

A.1. Work with the city to review the situation and take the necessary actions, if any, to obtain restitution of the \$167.

2. Issue prenumbered receipt slips for all monies received and account for the numerical sequence.

3. Deposit receipts daily or when accumulated receipts exceed \$100.

4. Indicate the method of payment on each receipt slip issued and reconcile total cash, checks, and money orders received to bank deposits.

5. Issue prenumbered receipts for all monies received.

- B. Adequately segregate the duties of receiving, recording, depositing, and reconciling court receipts, and performing bank reconciliations. At a minimum, there should be a documented supervisory review of the reconciliation between receipts and deposits.
- C. Work with the police department to ensure records are maintained to account for the numerical sequence of all traffic tickets. A system should also be developed to account for the ultimate disposition of all traffic tickets.
- D.1. Maintain a bond ledger to account for bond receipts, forfeitures, refunds, and balances.
- 2. Prepare monthly listings of open items (liabilities) and reconcile to the bank balance.
- E. Forward all required records of convictions on traffic offenses to the MSHP within ten days as required by state law. In addition, court files should be reviewed for applicable tickets that should be forwarded to the MSHP.

Status:

- A.1. The municipal division reviewed the situation with the city and no further action was deemed necessary.
- A.2.,
A.4.&
A.5. Implemented.
- A.3. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.
- B.C.,
D.1&
D.2. Not implemented. See MAR No. 5.
- E. Partially implemented. We did not note any records that were not forwarded to the MSHP. However, some records were not forwarded within the ten days required by state law. Although not repeated in the current MAR, our recommendation remains as stated above.

4. City of Steele Municipal Division

- A.1. Cash bonds were held by the Court Clerk and were not deposited into a bank account.
- 2. A bond ledger was not maintained.
- B.1. Neither the police department nor the municipal division accounted for the numerical sequence of traffic tickets issued, and their ultimate disposition.
- 2. Ticket books were not assigned to the police officers in numerical sequence.

3. Complaint forms were not prenumbered and a log was not maintained to track their issuance and disposition.
- C. The court charged CVC fees on nonmoving violations and did not charge LET fees on all nontraffic ordinances.
- D. Some CVC fees were not remitted by the city to the state Department of Revenue on a timely basis and the Court Clerk did not document her computations of the amounts due to the state.
- E. Receipts were not deposited on a timely basis.
- F. Adequate procedures to follow-up on amounts owed to the municipal division had not been established.

Recommendation:

The city of Steele Municipal Division:

- A.1. Open a bank account for the deposit of all cash bonds, and make subsequent disbursements of the bonds by check.
2. Maintain a bond ledger to account for bond receipts, forfeitures, refunds, and balances. The ledger should be reconciled monthly to the bonds held in trust by the court.
- B.1. Work with the police departments to ensure records are maintained to account for the numerical sequence of all traffic tickets. A system should also be developed to account for the ultimate disposition of all traffic tickets.
2. Request the police department to assign all traffic tickets in numerical sequence.
3. Obtain and use prenumbered complaint forms for non-traffic ordinance violations and account for the numerical sequence of those complaint forms.
- C. Collect the \$5 CVC fee and the \$2 LET fee on all violations of municipal ordinances, except for nonmoving traffic violations and cases dismissed by the court, in accordance with state law.
- D. Determine the amount which is due to the state for CVC fees previously collected and remit this amount to the state. In the future, the court should ensure all CVC fees are remitted to the state monthly as required by state law.
- E. Deposit receipts daily or when accumulated receipts exceed \$100.
- F. Maintain accounts receivable records in a centralized, systematic manner and follow up on delinquent payments. In addition, the Municipal Judge should review these records periodically.

Status:

A.1,B.2.

& F. Implemented.

A.2.,B.1,

&E. Not implemented. See MAR No. 6.

B.3. Partially implemented. The division now issues prenumbered complaint forms; however, the numerical sequence of the complaint forms is not accounted for properly. See MAR No. 6.

C. Based on statutory changes effective July 1, 1997, LET and CVC fees are to be collected on all cases including non-moving traffic violations.

D. Partially implemented. The division now remits CVC fees to the state monthly; however, previously collected CVC fees have not been determined and turned over to the state. Although not repeated in the current MAR, our recommendation remains as stated above.

5. City of Wardell Municipal Division

A.1. Index cards used for recording fine and court costs payments did not agree to the payments received by the court.

2. Receipts were not deposited intact.

3. Receipt slips were not prenumbered.

4. Receipts were not deposited on a timely basis.

5. Not all individuals who collected fines and court costs were bonded.

B. The duties of receiving, recording, and depositing court monies were not adequately segregated.

C. Some fines and court costs collected did not agree to the TVB schedule and the Municipal Judge did not document an assessment of a different amount. Some of the offenses for which the Court Clerk collected fines and costs were not listed on the TVB schedule.

D. The Municipal Judge signed the back of the traffic tickets before the disposition of the case was entered on the tickets.

E. Court dockets were not prepared and retained for all cases heard before the Municipal Judge.

F. Summonses were not prenumbered and a log was not maintained to track their issuance and disposition.

- G. A court order had not been issued to formally establish the TVB. The schedule of fines and court costs had not been posted at the TVB.
- H. A \$2 LET fee and \$5 CVC fee were mistakenly charged on court cases involving nonmoving traffic violations and cases dismissed by the court.
- I. Some CVC fees were not remitted by the city to the state Department of Revenue.
- J. The Municipal Judge and Court Clerk were brother and sister-in-law.
- K.1. A court order had not been issued to formally establish the TVB at Homestown.
- 2. Court costs, CVC fees, and LET fees were not collected for tickets which were paid prior to court at the city of Homestown.

Recommendation:

The city of Wardell Municipal Division:

- A.1. Ensure that all available case documentation is reviewed before amounts due are collected from defendants to ensure that the proper amount is collected. In addition, the Court Clerk should ensure that the correct amounts are recorded as received on all applicable court records.
- 2. Deposit all receipts intact.
- 3. Issue prenumbered receipt slips for all monies received and account for the numerical sequence.
- 4. Deposit receipts daily or when accumulated receipts exceed \$100.
- 5. Request the city to consider obtaining bond coverage for all individuals handling court monies.
- B. Adequately segregate the duties of receiving, recording, and depositing court monies. At a minimum, there should be a documented supervisory review of the reconciliations between receipts and deposits and the bank reconciliations.
- C. Collect the proper amount of fines and court costs in accordance with the TVB schedule or in accordance with the Municipal Judge's order.
- D. Sign the traffic tickets after the disposition has been entered on the tickets.
- E. Prepare and retain court dockets listing all cases commenced before the court and the disposition of those cases.
- F. Request the police department to obtain and use prenumbered summonses and to account for the numerical sequence of all summonses assigned, issued, and the ultimate disposition.

- G. Prepare a court order to authorize the establishment of a TVB and to designate a TVB clerk.
- H. Collect the \$5 CVC fee and the \$2 LET fee on all violations of municipal ordinances, except for nonmoving traffic violations and cases dismissed by the court, in accordance with state law.
- I. Determine the amount which is due to the state for CVC fees previously collected and remit this amount to the state. In the future, the court should ensure all CVC fees are remitted to the state monthly as required by state law.
- J. Review and discuss this situation with the Mayor and the Board of Aldermen to determine the proper resolution of any conflicts.
- K.1. Prepare a court order to authorize the establishment of a TVB at the city of Homestown and to designate a TVB clerk.
- 2. Collect court costs, the \$5 CVC fee, and the \$2 LET fee on all violations of municipal ordinances in accordance with state law at the city of Homestown. In addition, 95 percent of all CVC fees collected at Homestown should be remitted to the state monthly.

Status:

A.1.&
A.3.,A.4.

C.,D. Implemented.

A.2.,B.,
F.,G.,I.,
&K.1. Not implemented. See MAR No. 7.

A.5. Partially implemented. A bond was obtained for the Court Clerk but not for all individuals who collected fines and court costs. See MAR No. 7.

E. Partially implemented. While a court docket is prepared and maintained, the disposition was not always recorded on the docket. See MAR No. 7.

H. Based on statutory changes effective July 1, 1997, LET and CVC fees are to be collected on all cases including non-moving traffic violations.

J. Partially implemented. The Judge and the Court Clerk discussed the situation with the city council and no further action was deemed necessary. Although not repeated in the current MAR, our recommendation remains as stated above.

K.2. The division no longer collects fines and court costs for the city of Homestown.

THIRTY-FOURTH JUDICIAL CIRCUIT
CITY OF HAYTI HEIGHTS, MISSOURI
MUNICIPAL DIVISION

1. Missing Funds

At least \$38,071 in court and city receipts were not deposited in the city bank accounts and were missing. An independent audit had not been performed since the year ended June 30, 1990.

Recommendation:

The municipal division:

- A. Along with the city obtain legal guidance as to how to gain restitution of the \$38,071.
- B. Request the city officials obtain an independent audit of the city.

Status:

- A. Information pertaining to the missing funds was provided to the Prosecuting Attorney. No further investigation or action occurred.
- B. Not implemented. However, the city planned to have an independent audit for the year ended June 30, 1998.

2. Receipt Procedures

- A. Receipts were not deposited intact or on a timely basis.
- B. The duties of receiving, recording, and depositing monies collected by the municipal division were not segregated.
- C. Undeposited receipts were kept in an unlocked file cabinet prior to deposit.
- D. Formal bank reconciliations were not prepared.

Recommendation:

The municipal division:

- A. Deposit all court receipts intact on a daily basis or when accumulated receipts exceed \$100. In addition, deposits should be reconciled to the composition of receipt slips to ensure that all receipts are deposited intact.
- B. Adequately segregate the duties of receiving and depositing court monies from the function of recording receipts.
- C. Maintain undeposited receipts in a secure location.

- D. Perform monthly bank reconciliations and ensure these reconciliations are performed by someone independent of the receiving and recording functions.

Status:

A.,B.,

&D. Not implemented. See MAR No. 4.

- C. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

3. Court Procedures

- A. A court order had not been issued to formally establish the TVB.
- B. A bond ledger was not maintained. A monthly listing of open items (liabilities) was not prepared.
- C. Most cases and their dispositions were not documented on the court docket.
- D. The court did not forward required records of some convictions on traffic offenses to the MSHP within ten days.

Recommendation:

The municipal division:

- A. Prepare a court order to authorize the establishment of a TVB and to designate a TVB clerk.
- B. Maintain a bond ledger to account for bond receipts, forfeitures, refunds, and balances. The ledger should be reconciled monthly to the bonds held in trust by the city. All bond forfeitures and refunds should be made by check.
- C.1. Ensure all cases are included on the court docket.
- 2. Fully document case dispositions and the amount of fines and court costs paid on the court records. In addition, the municipal judge should initial and date the court docket to ensure all cases and proceedings therein have been properly recorded in accordance with state law.
- D. Forward records of all convictions on traffic offenses to the MSHP on a timely basis, as required by state law.

Status:

A.,B.

C.2. Not implemented. See MAR No. 4.

C.1. We were unable to determine the status because of missing court records. See MAR No. 4.

D. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Accounts Receivable Procedures

The municipal division did not have a centralized system to account for amounts owed the court for partial payment plans.

Recommendation:

The municipal division maintain accounts receivable records in a centralized, systematic manner and maintain a receivable control ledger. This control ledger should be periodically reconciled to the detailed records.

Status:

Not implemented. See MAR No. 4.

5. Court Costs

A.1. CVC fees were charged on all nonmoving traffic violations.

2. CVC fees collected by the court were not paid to the state Department of Revenue.

B. No record was kept of LET fees collected.

Recommendation:

A.1. Collect the \$5 CVC fee in accordance with state law.

2. Determine the amount which is due to the state for CVC fees previously collected and remit this amount to the state. In the future, the court should ensure all CVC fees are remitted to the state monthly as required by state law.

B. Maintain a record of the LET fees collected and forward this information to the city. The city should maintain accountability over LET fees and ensure their proper use.

Status:

A.1. Based on statutory changes effective July 1, 1997, CVC fees are to be collected on all cases including non-moving traffic violations.

A.2.

& B. Not implemented. See MAR No. 4.

6. Ticket Issuance Procedures

- A. Ticket books were not assigned to the police officers in numerical sequence and a traffic ticket log was not maintained to document the traffic ticket books assigned to the police officers.
- B. Neither the police department nor the municipal division accounted for the numerical sequence of traffic tickets issued, and their ultimate disposition.

Recommendation:

The municipal division work with the police department to ensure records are maintained to account for the numerical sequence of all traffic tickets. A system should also be developed to account for the ultimate disposition of all traffic tickets.

Status:

Not implemented. See MAR No. 4.

STATISTICAL SECTION

History, Organization, and
Statistical Information

THIRTY-FOURTH JUDICIAL CIRCUIT MUNICIPAL DIVISIONS HISTORY AND ORGANIZATION

Organization

The Thirty-Fourth Judicial Circuit is composed of New Madrid and Pemiscot counties. The Honorable Fred W. Copeland serves as Presiding Judge. There are twenty divisions within the Thirty-Fourth Judicial Circuit. Eight of these divisions are in Pemiscot County and seven of these divisions are included in this report. The city of Homestown Municipal Division is reported on separately. The municipal divisions in New Madrid County are also reported on separately.

The municipal divisions are governed by Chapter 479, RSMo 1994, and by Supreme Court Rule No. 37 entitled "Ordinance Violations and Traffic Violations Bureau (TVB)." Section 479.050, RSMo 1994, provides that each municipal division may establish a TVB in which fines and costs are collected at times other than during court and transmitted to the city treasury.

Operating Costs

The operating costs and court salaries of each municipal division are paid by the respective municipality.

Municipal Division Organization, Personnel, and Caseload Information

1. City of Caruthersville

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. The police dispatchers receive bond monies when the Court Clerk is not present. The police dispatchers transmit collections to the Court Clerk daily. Bond monies are deposited in a court bank account pending disposition. The court maintains a bank account for the deposit of fines and court costs. Amounts collected are transmitted by check to the city treasury once a month. Court is held once a week. Although monies are collected at times other than during court, a court order has not been issued to formally authorize the collection of fines and costs at times other than during court.

Personnel

Municipal Judge
Court Clerk

Jacqueline Barnes
Christi Watkins

Caseload Information

	<u>Year Ended June 30,</u>	
	<u>1998</u>	<u>1997</u>
Number of cases filed	1,471	1,759

2. City of Cooter

Organization

The City Clerk serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. The court maintains a bank account for the deposit of fines and court costs. The bond monies are held in the court's bank account pending disposition. The municipal division occasionally collects restitution for victims. Amounts collected are transmitted by check to the city treasury once a month. Court is held once a week. Although monies are collected at times other than during court, a court order has not been issued to formally authorize the collection of fines and costs at times other than during court.

Personnel

Municipal Judge	Tommy German
City Clerk/Court Clerk	Vickie Taylor

Caseload Information

	<u>Year Ended December 31,</u>	
	<u>1997</u>	<u>1996</u>
Number of cases filed	103	142

3. City of Hayti

Organization

The Court Clerk is responsible for recording transactions as well as handling collections and disbursements. The court maintains a bank account for the deposit of fines, court costs, and bonds. Amounts collected are transmitted by check to the city treasury and to the state on a monthly basis. Bond deposits remain in the bank account pending disposition. Court is held once a week. Although monies are collected at times other than during court, a court order has not been issued to formally authorize the collection of fines and costs at times other than during court.

Personnel

Municipal Judge
Court Clerk

George Metzger
Glenda Overbey

Caseload Information

	<u>Year Ended June 30.</u>	
	<u>1998</u>	<u>1997</u>
Number of cases filed	638	606

4. City of Hayti Heights

Organization

The city of Hayti Heights operated a municipal division only during the three month period of July through September 1996 and also for the month of October 1997. Since late 1997, the city has not had a police department, and no court sessions have been held. During the time in which a court was in operation the City Clerk served as the Court Clerk and was responsible for recording transactions as well as handling collections and disbursements. Fines, court costs, and bonds were deposited into a separate city account. Court was held once a month. Although monies are collected at times other than during court, a court order has not been issued to formally authorize the collection of fines and costs at times other than during court.

Personnel

Municipal Judge
City Clerk/Court Clerk

Jacklyn McGee
Corine Parr

Caseload Information - Not Available

5. City of Holland

Organization

The City Clerk serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. The court maintains a bank account for the deposit of fines, court costs, and bonds. Amounts collected are transmitted by check to the city treasury on a monthly basis. Bond deposits remain in the bank account pending disposition. Court is held once a month. Although monies are collected at times other than during court, a court order has not been issued to formally authorize the collection of fines and costs at times other than during court.

Personnel

Municipal Judge
City Clerk/Court Clerk

Tommy German
Geneva Rollins

Caseload Information

Year Ended December 31,
1997 1996

Number of cases filed

61

77

6. City of Steele

Organization

The City Clerk serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. The court maintains a bank account for the deposit of fines, court costs, and bonds. Amounts collected are transmitted by check to the city treasury and to the state on a monthly basis. Bond deposits remain in the bank account pending disposition. Court is held once a week. Although monies are collected at times other than during court, a court order has not been issued to formally authorize the collection of fines and costs at times other than during court.

Personnel

Municipal Judge
City Clerk/Court Clerk

Tommy German
Lillian Oates

Caseload Information

Year Ended June 30,
1998 1997

Number of cases filed

251

218

7. City of Wardell

Organization

The City Collector serves as the Court Clerk and is responsible for recording transactions as well as handling collections and disbursements. Fines, court costs, and bonds are deposited directly into the city treasury. Bond deposits remain in the city treasury pending disposition. Court is held twice a month. Although monies are collected at times other than during court, a court order has not been issued to formally authorize the collection of fines and costs at times other than during court.

Personnel

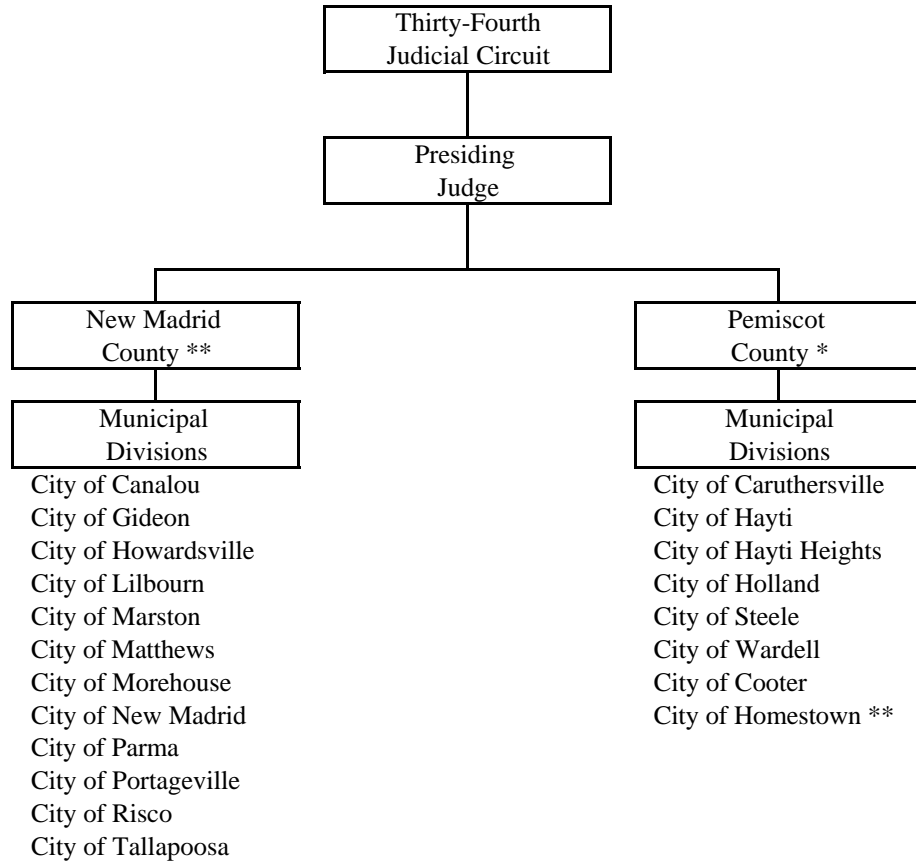
Municipal Judge
City Collector/Court Clerk

Raymond Tanner
Juanita Tanner

Caseload Information

<u>Year Ended December 31,</u>	
<u>1997</u>	<u>1996</u>
31	62

THIRTY-FOURTH JUDICIAL CIRCUIT
ORGANIZATION CHART



* Included in this report.
**Reported on separately.

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